

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Robert G. Taub, Vice Chairman;
Mark Acton; and
Nanci E. Langley

Periodic Reporting
(Alternative Format CRA Report)

Docket No. RM2014-2

NOTICE OF PETITION FOR THE INITIATION OF A PROCEEDING
TO ELIMINATE THE ALTERNATIVE FORMAT CRA REPORT

(Issued November 21, 2013)

I. INTRODUCTION

On November 15, 2013, the Postal Service filed a petition requesting that the Commission initiate a rulemaking proceeding to eliminate the requirement for the production and submission, as part of the Annual Compliance Report (ACR) process, of the "Alternate CRA (Cost and Revenue Analysis Report)" required by Commission rule 3050.14. 39 CFR 3050.14. The Postal Service proposes the Commission remove the requirement to prepare the Alternate CRA by striking the second sentence of Commission rule 3050.14.¹ Petition at 1.

Additionally, the Postal Service requests that if the Commission anticipates that it might not be able to complete the requested rulemaking prior to the time at which

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Eliminate the Requirement for an Alternative Format CRA Report, November 15, 2013 (Petition).

preparation of this year's ACR must be finalized, the Postal Service contingently requests that the requirement be waived for Fiscal Year 2013. *Id.*

II. PETITION

A. Request for amendment of rule 3050.14

The Postal Service explains that Commission rule 3050.14 establishes the format for the Cost and Revenue Analysis Report (CRA), which reports costs, revenues, volumes, contribution, and other information "reflecting the classification structure in the Mail Classification Schedule." The same rule also calls for "an alternative, more disaggregated format capable of reflecting the classification structure in effect prior to the adoption of the Postal Accountability and Enhancement Act." *Id.*

Initially, the Postal Service was able to file both public and non-public versions of the Alternate CRA. The Alternative CRA folders presented the best approximation that the Postal Service could provide of the costs, revenues, volumes, and contributions for the pre-Postal Accountability and Enhancement Act (PAEA) classifications. In recent years, however, as more products or more parts of products have been shifted to Competitive products, the Postal Service has provided only a non-public version of the Alternate CRA. *Id.* at 2. The resulting non-public folder presented the alternative format materials for market dominant and competitive mail while attempting to revert back to their pre-PAEA mail categories the revenues, volumes, costs, and weights of mail, including those that had subsequently been moved to the Competitive product list. *Id.* Because the data systems cannot always track the information by pre-PAEA categories, other methods of estimating the data required for the Alternate CRA were developed, with the result that the methodologies used to attempt to populate this chart vary. *Id.*

In order to reassemble the pre-PAEA classifications, the estimation approaches vary, such that the aggregation of cost data from underlying categories of mail from one report or estimation methodology may not always match those developed via a different estimation technique, and data for some categories may not exist at all. *Id.* at 3-4.

The Postal Service points out that the Alternate CRA provided a bridge from the pre-PAEA era to the post-PAEA era as a way of maintaining trend data based on the pre-PAEA categories to ensure no categories of postal products were inadvertently omitted, and to ensure the integrity of the data reporting. Citing changed circumstances, *e.g.*, the shifting of products and parts thereof from market dominant to competitive, the Postal Service questions the usefulness of maintaining the report in a necessarily non-public format, when the information reported is increasingly the result of ratio analyses, estimates, and splits tied to shares from seven years ago. *Id.* at 4. The Postal Service believes that any possible use of the report is now overshadowed by the weakness of the information contained therein, and that it is no longer relevant. *Id.*

The Postal Service also claims that the burden to produce this alternative format report is substantial when Postal Service resources are already most fully taxed by preparation of the other components of the ACR. By necessity, the Alternate CRA cannot be produced until all other ACR work has been completed, as it requires inputs from the CRA itself, the cost avoidance studies, and other analyses, which means that the Alternate CRA is the last part of the ACR production process and requires last-minute attention *Id.* at 4-5.

Therefore, the Postal Service requests the Commission delete the second sentence of Commission rule 3050.14 establishing the requirement for production and submission of the alternative format CRA with the ACR. *Id.* at 6.

B. Request for waiver of reporting Alternate format CRA for FY 2013.

The Postal Service recognizes that it may not be possible for the Commission to accomplish a permanent change in its rules in the next month prior to the Postal Service's preparation of the ACR. *Id.* at 5. As such, the Postal Service requests that the Commission waive application of the Alternative format CRA portion of rule 3050.14 for FY 2013. *Id.* at 5-6.

III. NOTICE AND COMMENT

The Commission establishes Docket No. RM2014-2 for consideration of matters raised by the Petition. For specific details on the request, interested persons are encouraged to review the Petition which is available via the Commission's website at <http://www.prc.gov>. Information concerning access to these non-public materials is located in 39 CFR part 3007.

Interested persons may submit comments on the Petition to amend rule 3050.14 relating to the Alternative format CRA no later than January 9, 2014. Reply comments are due no later than January 23, 2014.

Responses to the Postal Service's request for a waiver of the Alternate CRA reporting requirement for FY 2013 are due no later than December 3, 2013.

Pursuant to 39 U.S.C. 505, Cassie D'Souza is designated as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. RM2014-2 for consideration of the matters raised by the Petition of the United States Postal Service for the Initiation of a Proceeding to eliminate the requirement for an Alternative format CRA Report.
2. Responses to the request for waiver of application of the Alternative format CRA portion of rule 3050.14 for FY 2013 are due no later than December 3, 2013.
3. Comments by interested persons in this proceeding on the request to eliminate the second sentence of rule 3050.14 relating to the Alternative format CRA are due no later than January 9, 2014. Reply comments are due no later than January 23, 2014.

4. Pursuant to 39 U.S.C. 505, the Commission appoints Cassie D'Souza to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.
5. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary